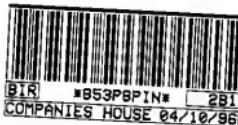


AgReserves Limited

FINANCIAL STATEMENTS

for the period ended

31 December 1995



AgReserves Limited

DIRECTORS' AND OFFICERS

DIRECTORS

Charles R Whipple	appointed 3 October 1994, resigned 10 September 1996
John W Creer	appointed 3 October 1994
Richard C Edgley	appointed 3 October 1994, resigned 9 September 1996
Karl F Keeler	appointed 3 October 1994
Keith Broadway	appointed 3 October 1994
Gerard Fitzsimons	appointed 8 July 1994, resigned 3 October 1994
Michael Thomas Womack	appointed 8 July 1994, resigned 3 October 1994
Thomas Rueckert	appointed 9 September 1996
Clive Jolliffe	appointed 9 September 1996

SECRETARY

Charles R Whipple	appointed 3 October 1994, resigned 9 September 1996
Keith Broadway	appointed 3 October 1994
Gerard Fitzsimons	appointed 8 July 1994, resigned 3 October 1994
Thomas Rueckert	appointed 9 September 1996

COMPANY NUMBER

2947030 (England and Wales)

REGISTERED OFFICE

751 Warwick Road
Solihull
West Midlands
B91 3DQ

AUDITORS

Baker Tilly
Chartered Accountants
Scottish Life House
154 Great Charles Street
Birmingham B3 3HN

AgReserves Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of AgReserves Limited for the period ended 31 December 1995.

PRINCIPAL ACTIVITIES

The company was incorporated as Tayvin 5 Limited on 8 July 1994. It changed its name to AgReserves Limited on 30 September 1994 and commenced trading on 3 October 1994.

The principal activity of the company during the period was farming.

REVIEW OF THE BUSINESS

On 3 October 1994 the company acquired the trade and certain of the assets of Aerial Farms, arable farms in Cambridgeshire, and commenced trading. As part of the same transaction the Aerial Farms land and buildings were acquired by another group company.

On 1 January 1995 the trade and certain assets of Ridge Farm, a dairy farm in Worcestershire were transferred from another group company. The Ridge farm land and buildings are owned by another group company.

On 29 September 1995 the company acquired the share capital of Hallsworth (Farmland Trust) Limited. Hallsworth (Farmland Trust) Limited has been profitable during the period since acquisition.

The sustained loss of AgReserves Limited arose during the first period of trading and included significant set up costs. The directors are confident that the company will become profitable in succeeding years.

RESULTS AND DIVIDENDS

The trading loss for the period after taxation was £260,434.

DIRECTORS

The following directors have held office during the period:-

Charles R Whipple
John W Creer
Richard C Edgley
Karl F Keeler
Keith Broadway
Gerard Fitzsimons
Michael Thomas Womack

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

Directors' interests in the shares of the company, including family interests, were as follows:

	<i>Ordinary shares of £1 each</i>
	31.12.95 8.7.94
G Fitzsimons	-
M T Womack	1
	-
	1

AgReserves Limited

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board

Keith Broadway
Keith Broadway

Secretary

3 October 1996

AgReserves Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF AGRESERVES LIMITED

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

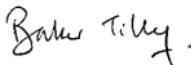
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1995 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled for the year ended 31 December 1995 to the exemption conferred by section 248 of the Companies Act 1985 from the requirement to prepare group accounts.



BAKER TILLY

Registered Auditor
Chartered Accountants
Scottish Life House
154 Great Charles Street
Birmingham B3 3HN

3 October 1996

AgReserves Limited
PROFIT AND LOSS ACCOUNT
for the period ended 31 December 1995

	<i>Notes</i>	1995 £
TURNOVER	1	1,131,213
Cost of Sales		746,934
Gross profit		384,279
Other operating expenses (net)	2	(647,651)
OPERATING LOSS		(263,372)
Investment income	3	3,983
		(259,389)
Interest payable	4	1,045
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(260,434)
Taxation	7	-
SUSTAINED LOSS FOR THE YEAR	16	<u>(260,434)</u>

The operating loss for the period arises from the company's acquisitions.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

AgReserves Limited

BALANCE SHEET

31 December 1995

	<i>Notes</i>	1995 £
FIXED ASSETS		
Intangible assets	8	295,427
Tangible assets	9	773,704
Investments	10	3,567,506

		4,636,637

CURRENT ASSETS		
Stocks	11	959,443
Debtors	12	1,182,557
Cash at bank and in hand		184,347

		2,326,347
CREDITORS: Amounts falling due within one year	13	1,490,751

NET CURRENT ASSETS		835,596

TOTAL ASSETS LESS CURRENT LIABILITIES		5,472,233
CREDITORS: Amounts falling due after more than one year	14	32,667

		5,439,566

CAPITAL AND RESERVES		
Called up share capital	15	1,000,000
Capital reserve	16	4,700,000
Profit and loss account	16	(260,434)

		5,439,566

Approved by the board on 3 October 1996

Keith Broadway
Keith Broadway Director

AgReserves Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

INTANGIBLE FIXED ASSETS

Milk quotas are stated at cost.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Farm building improvements and drainage	over 5 to 10 years
Plant and machinery	over 5 to 10 years
Fixtures, fittings and equipment	over 5 years
Motor vehicles	over 3 to 10 years

FIXED ASSETS INVESTMENTS

Investments are stated at cost

STOCKS

Stocks of crops, produce in store, purchased stores, tillages and cultivations are independently valued at the balance sheet date. The cost of crops and produce in store is determined by the cost of production. The cost of purchased stores is based on purchase price. Seed sown, fertilizer and sprays applied have been valued at cost. Tillages and cultivations are valued at CAAV guide prices or at actual cost where this information is not available.

The dairy herd and heifers are valued at cost of production, the dairy herd cost being subject to a provision to write each animal down to its estimated residual value evenly over their useful life of 3 years.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

PENSION CONTRIBUTIONS

The costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the average working life of employees.

RECOGNITION OF AREA AID INCOME

Area aid income, including set-aside, is recognised in the profit and loss account when the underlying crops are sold. For crops harvested but unsold at the period end date the relevant area aid and set-aside is treated as deferred income in the balance sheet.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 December 1995

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation were all derived from its principal activity. All sales were made in the United Kingdom.

	1995	£
2 OTHER OPERATING EXPENSES (NET)		
Machinery costs	322,768	
Administration expenses	324,883	
	<hr/>	<hr/>
	647,651	
	<hr/>	<hr/>
3 INVESTMENT INCOME	1995	£
Other interest receivable	3,983	
	<hr/>	<hr/>
4 INTEREST PAYABLE	1995	£
On bank loans, overdrafts and other loans repayable within 5 years:		
Other	1,045	
	<hr/>	<hr/>
5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	1995	£
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the period:		
owned assets	152,654	
leased assets	3,266	
Profit on disposals	(9,145)	
Equipment hire	42,891	
Operating lease rentals:		
Land and buildings	258,400	
Auditors' remuneration	10,000	
	<hr/>	<hr/>

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 December 1995

6	EMPLOYEES	1995 No.
The average weekly number of persons (including directors) employed by the company during the period was:		
	Office and management	6
	Manufacturing	12
		—
		18 .
		—
		1995
		£
Staff costs for the above persons:		
	Wages and salaries	278,608
	Social security costs	23,217
	Other pension costs	14,996
		—
		316,821
		—

DIRECTORS' REMUNERATION

None of the directors who served during the period ended 31 December 1995 received remuneration from the company.

7 TAXATION

Tax losses have been incurred during the period so no corporation tax charge is required

8 INTANGIBLE FIXED ASSETS

Milk quota

Cost	£
Additions	295,427
	—
31 December 1995	295,427
	—

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 December 1995

9 TANGIBLE FIXED ASSETS

	<i>Building improvements and drainage</i>	<i>Motor vehicles plant and machinery</i>	<i>Total</i>
	£	£	£
Cost or valuation			
Additions	27,642	1,064,589	1,092,231
Disposals	(4,250)	(182,380)	(186,630)
	_____	_____	_____
31 December 1995	23,392	882,209	905,601
	_____	_____	_____
Depreciation			
Charged in the period	3,344	152,576	155,920
Disposals	(442)	(23,581)	(24,023)
	_____	_____	_____
31 December 1995	2,902	128,995	131,897
	_____	_____	_____
Net book value			
31 December 1995	20,490	753,214	773,704
	_____	_____	_____

The net book value of plant and machinery includes £94,734 in respect of assets held under finance leases.

10 FIXED ASSET INVESTMENTS

	<i>Unlisted</i>	<i>Total</i>
	£	£
Cost and net book value		
31 December 1995	3,567,506	3,567,506
	_____	_____

The company holds more than 10% of the equity (and no other share or loan capital) of the following undertakings:

<i>Subsidiary undertaking</i>	<i>Country of incorporation</i>	<i>Class of holding</i>	<i>Proportion directly held</i>	<i>Nature of business</i>	<i>Aggregate capital and reserves</i>
Hallsworth (Farmland Trust) Limited	England	Ordinary	100%	Farming	£1,279,833

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

The aggregate capital and reserves represents values at 31 December 1994. The value for 31 December 1995 was not available.

The financial year end of the subsidiary is 31 December.

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 December 1995

11	STOCKS	1995
		£
Crops in store		340,371
Raw materials and consumables		144,179
Purchased stores		335,214
Heifers		56,338
Dairy herd		83,341

		959,443

12	DEBTORS	1995
		£
Due within one year		
Trade debtors		258,911
Amounts owed by group undertakings		841,713
Other debtors		81,633
Prepayments and accrued income		300

		1,182,557

13	CREDITORS: Amounts falling due within one year	1995
		£
Obligations under finance leases		32,666
Trade creditors		50,619
Amounts owed to group undertakings		802,548
Other taxation and social security costs		7,890
Other creditors		326,271
Accruals and deferred income		270,757

		1,490,751

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 December 1995

14	CREDITORS: Amounts falling due in more than one year	1995 £
	Obligations under finance leases	32,667
		32,667
		32,667
	Repayable by instalments	
	Obligations under finance leases	
	in the second to fifth year	32,667
		32,667
15	SHARE CAPITAL	1995 £
	Equity shares	
	Authorised	
	2,000,000 ordinary shares of £1 each	2,000,000
		2,000,000
	Allotted, issued and fully paid	
	1,000,000 ordinary shares of £1 each	1,000,000
		1,000,000
	All shares were issued during the period at par for the purpose of the purchase of assets and investments.	
16	RESERVES	£
	Capital reserve	
	Funding provided by Farm Management Company	4,700,000
		4,700,000
	Farm Management Company, a fellow group undertaking, provided the above sum as funding for long term capital needs. This amount is not repayable or subject to interest and accordingly, have been dealt with as a capital reserve.	
	Profit and loss account	
	Loss for the financial year	260,434
		260,434
	31 December 1995	260,434
		260,434

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 December 1995

17	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1995
		£
	Loss after taxation	(260,434)

	Issued share capital	(260,434)
	Funding provided by group	1,000,000
		4,700,000

	Net addition to shareholders' funds	5,439,566
	Opening shareholders' funds	-

	Closing shareholders' funds	5,439,566

18	CAPITAL COMMITMENTS	1995
		£
	Capital expenditure contracted for but not provided in the financial statements	Nil

	Capital expenditure authorised by the directors but not contracted	Nil

	Commitments under finance leases entered into but whose inception occurred after the year end	Nil

19	COMMITMENTS UNDER OPERATING LEASES	
	At 31 December 1995 the company had annual commitments to three twelve month rolling lease arrangements that can be terminated by notice in writing not less than twelve months on advance.	

AgReserves Limited
TRADING AND PROFIT AND LOSS ACCOUNT
for the period ended 31 December 1995

20 PENSION COMMITMENTS

The company is part of a group scheme operating a pension plan based on final pensionable earnings. The assets of the Plan are held in a separate trustee administered fund. Contributions charged to the revenue account are calculated so as to spread the cost of pensions over the employees' working lives with the company. The contributions are determined by a qualified actuary using the projected unit method.

The latest actuarial valuation of the Plan was as at 1 January 1994. The assumptions having the most significant effect on the valuation results were that investment returns would be 9 % and that pensionable earnings increases would average 7.5% pa. The valuation showed that the market value of the Plan's assets was £4,851,000 and that the actuarial value of those assets represented 107% of the benefits that had accrued to members, after allowing for expected future increases in pensionable earnings.

The pension charge for the period was £14,996, which included allowance for the amortisation of experience surpluses. These are being recognised over 12 years, the average remaining service lives of employees.

21 ULTIMATE HOLDING COMPANY

The company is ultimately owned jointly by the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints and the Corporation of the Presiding Bishopric, both corporations incorporated in the State of Utah.